

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF ) CASE NO. 2007-00326  
SHARPSBURG WATER DISTRICT )

ORDER

On July 6, 2007, Sharpsburg Water District (“Sharpsburg”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup> Sharpsburg sought the adjustment to reflect increased purchased water costs that it was incurring as a result of an increase in the wholesale water service rates of its water supplier, Bath County Water District (“Bath District”). Bath District had proposed to increase its wholesale rates to reflect an increase in the wholesale water rates of its supplier, Morehead Utility Plant Board (“Morehead”). On August 7, 2007, finding that Morehead had improperly adjusted its wholesale rate and that such adjustment could not serve as a basis for adjusting the rates of Bath District or Sharpsburg, we denied Sharpsburg’s application.

The Commission has subsequently reexamined Morehead’s actions and found that Morehead’s application was not unlawful.<sup>2</sup> On our own motion, we reconsidered Bath District’s application and directed that Bath District’s proposed purchased water

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<sup>1</sup> KRS 278.015; 807 KAR 5:068.

<sup>2</sup> Case No. 2007-00299, Purchased Water Adjustment of Bath County Water District (Ky. PSC Sep. 26, 2007).

adjustment be granted. Fairness requires a similar reconsideration of Sharpsburg's application.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Sharpsburg purchases water from Bath District and the city of Carlisle, Kentucky ("Carlisle").

2. Bath District notified Sharpsburg that, effective August 15, 2007, the water rate to Sharpsburg would increase from \$2.54 per 1,000 gallons to 2.67 per 1,000 gallons. Sharpsburg proposed to increase the water rates to its customers effective August 15, 2007.

3. On July 6, 2007, Sharpsburg applied for a purchased water adjustment to increase the water rates to its customers effective August 15, 2007. Sharpsburg properly complied with the provisions of KRS 278.015 and 807 KAR 5:068 when submitting its application.

4. On September 26, 2007, the Commission approved Bath District's proposed increase effective August 15, 2007.

5. During the 12 months ending May 31, 2007, Sharpsburg purchased a total of 110,592,300 gallons of water, 76,789,000 from Bath District, 33,803,300 from the city of Carlisle, and it sold 84,932,500 gallons. The increase in the cost of purchased water is \$9982.57, resulting in a purchased water adjustment factor of \$0.12 per 1,000 gallons.

6. The purchased water adjustment factor of \$0.12 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. Sharpsburg's proposed rates are approved.
2. The purchased water adjustment factor of \$0.12 per 1,000 gallons as calculated in Appendix A is approved.
3. The rates in Appendix B are fair, just, and reasonable and are approved for services that Sharpsburg renders on and after August 15, 2007.
4. Within 20 days of the date of this Order, Sharpsburg shall file with the Commission revised tariff sheets showing the rates approved herein.
5. In lieu of the requirements set forth in 807 KAR 5:068, Section 5, Sharpsburg shall publish notice of the increased rates as soon as possible but no later than 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 26<sup>th</sup> day September, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2007-00326 September 26, 2007

Bath County WD

|                      | New Rate             | Base Rate            |                   |
|----------------------|----------------------|----------------------|-------------------|
| Purchases in gallons | 76,789,000           | 76,789,000           |                   |
| Volumetric Rate      | <u>\$ 2.67/1,000</u> | <u>x 2.54/1,000</u>  |                   |
|                      | \$205,026.63         | \$195,044.06         |                   |
|                      |                      |                      | <u>\$9,982.57</u> |
|                      |                      | Increased water cost | \$9,982.57        |

City of Carlisle

Purchased in gallons 33,803,300

|                                   |                   |
|-----------------------------------|-------------------|
| Increased water cost              | \$9,982.57        |
| Divided by gallons sold           | <u>84,932,500</u> |
| Purchased water adjustment factor | \$0.12 per 1,000  |

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2007-00326 DATED September 26, 2007

The following rates and charges are prescribed for the customers in the area served by Sharpsburg Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### RATES AND CHARGES

##### 5/8" X 3/4" Meter

|       |                |         |                   |
|-------|----------------|---------|-------------------|
| First | 2,000 gallons  | \$18.64 | Minimum Bill      |
| Next  | 3,000 gallons  | 4.32    | per 1,000 gallons |
| Next  | 5,000 gallons  | 3.82    | per 1,000 gallons |
| Over  | 10,000 gallons | 3.62    | per 1,000 gallons |

##### 1" Meter

|       |                |          |                   |
|-------|----------------|----------|-------------------|
| First | 5,000 gallons  | \$ 31.60 | Minimum Bill      |
| Next  | 5,000 gallons  | 3.82     | per 1,000 gallons |
| Over  | 10,000 gallons | 3.62     | per 1,000 gallons |

##### 2 " Meter

|       |                |          |                   |
|-------|----------------|----------|-------------------|
| First | 16,000 gallons | \$ 72.42 | Minimum Bill      |
| Over  | 16,000 gallons | 3.62     | per 1,000 gallons |

##### Schools

|       |                |          |                   |
|-------|----------------|----------|-------------------|
| First | 50,000 gallons | \$195.50 | Minimum Bill      |
| Over  | 50,000 gallons | 3.62     | per 1,000 gallons |